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S E C R E T SECTION 01 OF 02 ABU DHABI 001776

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TREASURY FOR U/S LEVEY, A/S GARDNER, A/S O'BRIEN, DAS  
GLASER, DAS MENDELSON, OFAC DIR SZUBIN, JJERMANO, PCONLON,  
BGRANT, KHECHT, MMILLERWISE, KBAUER  
NSC FOR ZARATE  
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E.O. 12958: DECL: 10/25/2017  
TAGS: [AE](#) [ECON](#) [IR](#) [KTFN](#) [PREL](#) [PTER](#)  
SUBJECT: UAE CENTRAL BANK AFFIRMS COMMITMENT TO MENA-FATF  
REVIEW PROCESS; CONSIDERS ISSUING ADVISORY ON IRAN

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¶1. (S//NF) Summary. On 23 October 2007, Treasury Attach Matthew Epstein and Econ Chief Oliver John met with UAE Central Bank official Abdulrahim al Awadi, head of the Anti-money Laundering and Suspicious Cases Unit. Treasury Attach and Econ Chief inquired about the ongoing MENA-FATF review of the UAE and, separately, encouraged the Central Bank to issue a statement highlighting threats of illicit Iranian financial activity. Al Awadi stressed the UAE's commitment to the open, transparent MENA-FATF review process, and agreed to share with the U.S. any advisory that the Central Bank may issue on Iran (Note: The decision to issue a statement on Iran would fall to the Central Bank Governor. End Note.) End Summary.

¶2. (S//NF) On 23 October 2007, Treasury Attach Matthew Epstein and Econ Chief Oliver John met with UAE Central Bank official Abdulrahim al Awadi, head of the Anti-money Laundering and Suspicious Cases Unit. A variety of topics were discussed, including the UAE's ongoing MENA-FATF review, recent FATF and FinCEN language on Iran, and a possible Memorandum of Understanding between the UAE Central Bank and the Afghan FinTRACA. During the visit, Al Awadi stressed the importance of close cooperation with the US, a close ally of the UAE, and extolled the great value of joint training initiatives.

MENA-FATF review of UAE

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¶3. (S//NF) Treasury Attach and Econ Chief inquired as to whether the UAE's FATF review would be on the agenda of the upcoming MENA-FATF plenary in Damascus. Al Awadi explained that the IMF/FATF review team met with 62 different entities and agencies in the UAE, with the UAE Central Bank (CB) serving as the coordinator. When the report came in, the CB sent it out to the 62 entities for review and comment. Each agency provided written comments where they did not agree

with the assessment. This input was forwarded by the CB in a 34 page response to the IMF/FATF. According to Al Awadi, the IMF/FATF initially responded with a 1-2 page letter that did not address the points of the 62 bodies. Then, on October 10, the CB received a more robust response from the IMF/FATF. As this response came in during the end of Ramadan/beginning of Eid, it took the CB a few days to farm the appropriate portions out to the 62 entities. Al Awadi explained that the CB must give these entities appropriate time to review the IMF/FATF response and comment if necessary.

¶4. (S//NF) Al Awadi stated that he fully supports a transparent, open discussion on the UAE FATF review; however, he does not believe it will be possible to do so by the time of the Syria plenary because the CB is obligated to give each participating UAE entity the opportunity to comment on the IMF/FATF responses. Al Awadi proposed three possible alternatives:

- ¶1. Schedule UAE review for the MENA-FATF plenary after Damascus (Awadi recognized that this option could raise a possible conflict of interest as UAE will hold the MENA-FATF Presidency in 2008);
- ¶2. Delay UAE review until 2009; or
- ¶3. Take the UAE review directly to the FATF (as opposed to MENA-FATF).

Al Awadi said that he is open to any option.

¶5. (S//NF) Al Awadi stressed the importance of the MENA-FATF and the open review process. He repeated several times that the UAE is committed to this process and "not hesitant about an open review." He was visibly upset to learn that Treasury DAS Glaser would not be in Syria for the plenary, expressing tremendous respect for DAS Glaser and all the work he has done in the FATF context.

FATF Iran Statement

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¶6. (S//NF) Treasury Attach and Econ Chief reviewed with Awadi the new FATF language and the FinCEN advisory on Iran. Al Awadi advised that he was aware of the FATF statements and appreciated receiving the FinCEN language. Treasury Attach encouraged the UAE CB to issue a similar advisory and requested to see a copy if the CB does so. Al Awadi reviewed the language, took notes and seemed to be agreeable, but did not commit to anything. (Note: A UAE Government official subsequently told Econ Chief that during a Dubai conference on investing in Iran (SEPTEL), bank officials complained about the chilling impact of a UAE CB circular on the dangers of dealing with Iranian banks. Separately, the head of International Affairs for the CB's AML unit, Ahmed Qamzi, confirmed that the CB issued guidance on UNSCR 1747, including Bank Sepah. Qamzi stated that two banks later sought guidance from the CB on conducting business with the Government of Iran. Qamzi informed that the CB instructed its bank examiners to deliver the same strong message to these banks on risks of dealing with Iran. End Note.)

¶7. (S//NF) Treasury Attach and Econ Chief also highlighted FATF language discussing possible financial sanctions against a financial institution. Treasury Attach pointed out that engaging with the banking sector in advance to prepare for such an eventuality would help protect the stability of the UAE banking sector should an additional Iranian bank be listed. Al Awadi seemed to agree that there was value in ensuring that UAE banks were prepared and appreciated the guidance.

¶8. (S//NF) During a more general conversation on Iran, Al Awadi commented on the unacceptability of Iran going nuclear. Al Awadi opined that the International Community needed to get tougher with Iran, and pointed out the counter productiveness of Putin's visit. Al Awadi did not offer additional steps to be taken by the UAE CB to increase

pressure on Iran in the absence of International Community consensus.

MOU with Afghan FinTRACA

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Treasury Attach and Econ Chief inquired about the status of a Memorandum of Understanding providing for information sharing between the UAE CB and the Afghan FinTRACA, Afghanistan's Financial Intelligence Unit. Al Awadi said that the CB will sign the MOU, but that it is currently with the lawyers.

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